



Agenda Report

August 27, 2018

TO: Honorable Mayor and City Council

THROUGH: Finance Committee

FROM: Department of Public Works

SUBJECT: AMENDMENTS TO FISCAL YEAR 2018 CAPITAL IMPROVEMENT PROGRAM BUDGET

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed actions are not “projects” as defined in the California Environmental Quality Act (CEQA), Public Resources Code Section 21065 and Section 15378(b)(4) and (5) and, as such, are not subject to environmental review; and
2. Amend the Fiscal Year (FY) 2018 Capital Improvement Program Budget with a net decrease in appropriations of \$1,474,016 as detailed in Attachment A of this report.

BACKGROUND:

In an effort to close out fiscal year 2018, the Department of Public Works in conjunction with the Department of Finance have reviewed active Capital Improvement Program (CIP) projects to determine if budgetary changes are needed. The budgetary changes have been detailed below.

1. **Left Turn Signal Phasing at Colorado Blvd. and Orange Grove Blvd. and at Orange Grove Blvd. and Holly St. (75048)** – The Department of Transportation recommends transferring \$14,106 in General Fund from their operating budget in account 10124001 to this project and increase the project budget by a like amount. This \$577,520 project was completed in FY 2018 slightly over budget due to unforeseen damage loop detectors discovered during construction that needed to be replaced. This action will allow this project to be closed.

- 2. Alpine Street – Electrical System Undergrounding, Marengo Avenue to El Molino Avenue (74822)** – The Department of Public Works recommends appropriating \$175,000 in Underground Surtax Fund to this project and increase the project budget by a like amount. This appropriation will allow the resurfacing of this stretch of roadway to begin as the construction bids came in higher than anticipated. Construction is expected to begin in October 2018 and be completed in December 2018 prior to the moratorium.
- 3. High Voltage Series Street Light Conversion – Phase I (74415)** – The Department of Public Works recommends transferring \$65,000 in General Fund from their operating budget in accounts 10122043 and 10122045 to this project. This was originally an \$11.75 million project with an initial appropriation of \$100,000 to begin design and strategic planning. Through these efforts, the project was divided into four distinct projects as part of the FY 2019 – 2023 CIP budget. This project became phase I with a total estimated project cost of \$3 million. The initial \$100,000 was not enough to cover the actual design cost. This appropriation will fully fund the planning and design phase of this project.
- 4. Tree Replacement/Planting – Citywide (78957)** – The Department of Public Works recommends transferring \$46,195 in General Fund from their operating budget in account 10122045 to this project. This \$1.29 million project was completed under budget, but not all expenses were eligible for grant reimbursement. Due to the high drought conditions and an increase in the number of trees planted during this period, watering cost were higher than anticipated and was over the amount allowed by the granting agency. This action will correct the project balance and allow this project to be closed.
- 5. Hahamongna – Implement Master Plan – Eastside-JPL Trail (77514)** – The Department of Public works recommends transferring \$60,099 in General Fund from their operating budget in accounts 10122045 and 10122048 to this project and unappropriating \$109,276 in Recreational Trails Grant funds from this project. The scope of work on this project was revised and elements were removed that were included in the original grant application. On March 25, 2018, staff notified the granting agency of the changes in scope and the grant amount was lowered from \$175,000 to \$65,724. Unfortunately, due to the amount of community outreach and redesign cost, the project exceeded budget. This action will allow this project to be closed.
- 6. Brookside Park – Improvements to Ball Diamonds 1 and 2 (78805)** – The Department of Public Works recommends transferring \$5,527 in Private Capital from this project to the Brookside Park – Jackie Robinson Baseball Field Improvements (77562) project so Project 78805 can be closed. In addition, staff recommends unappropriating \$5,527 in Residential Impact Fees from project 77562. The Jackie Robinson Baseball Field Improvements project is currently in its final phase of replacing bleachers in the stadium and will be completed this month. This transfer of private capital will free up local dollars for future use.

- 7. Lower Arroyo - Habitat Restoration (77422)** – The Department of Public Works recommends transferring \$111,368 in General Fund from their operating budget in accounts 10122043, 10122048 and 10122067 to this project and unappropriating \$180,703 in Environmental Enhancement (EEM) Grant from this project and amending the project budget by like amounts. This project was completed within the project budget. However, 2008 EEM grant dollars that were earmarked for another project were inadvertently appropriated to this project as well as the other project. No grant dollars were lost. This action will correct the project budget and allow this project to be closed.

- 8. Hahamongna – Implement Master Plan – Trail Development (77507)** – The Department of Public Works recommends unappropriating \$789,440 Proposition 50 (2007) grant from this project. On January 29, 2018, staff notified the City Council about the loss of this grant in the fiscal impact section of the agenda report entitled: *Authorization to Enter into a Contract with Psomas for Preparation of Environmental Documentation and Environmental Permitting Assistance for the Oak Grove Area Improvement Project for an Amount Not To Exceed \$227,000*. This administrative action removes the funds and corrects the project budget. To prevent this type of loss in the future, staff, working with the Internal Auditor, have initiated a grant management audit. The audit will focus on best practices in grants management and will provide some tools and processes that the department can implement.

- 9. La Loma Bridge – Rehabilitation (73124)** – The Department of Public Works recommends unappropriating \$860,838 in Highway Bridge Program Funds from this project. This action will correct the project budget in the financial system and lower the construction grant amount to match with the grant agreement. This is an administrative clean-up item and does not have a financial impact on the project or the City. This action will corrects the budget and allow this project to be closed.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and stability will be advanced through monitoring the Capital Improvement Program Budget and implementing necessary amendments.

ENVIRONMENTAL ANALYSIS:

CEQA excludes from environmental analysis those actions that are not "projects" as defined by State CEQA Guidelines Section 15378. That section excludes from the definition of "project" the creation of government funding mechanisms and fiscal activities which do not yet commit the lead agency to any specific project, and also excludes organizational or administrative governmental activities that do not result in physical changes to the environment. The actions proposed herein are budgetary and part of the City's normal administrative process as it takes early steps to prepare for the possibility of undertaking a project, and therefore they are not yet "projects" as defined by CEQA. As the City becomes more certain it will undertake one of the projects, and before it commits itself to the project, the appropriate environmental analysis will be conducted and brought to the appropriate City body for approval.

FISCAL IMPACT:

The cumulative result of these recommendations will decrease the FY 2018 CIP budget by \$1,474,016. The specific funding sources for the CIP budget amendments are listed on Attachment A.

Respectfully submitted,



ARA MALOYAN, P.E.
Director of Public Works

Prepared by:



Phyllis Hallowell
Management Analyst V

Approved by:



STEVE MERMELL
City Manager

Attachment A – Changes to CIP